

Message Text

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PAGE 01 KINGST 06150 041836Z
ACTION SCS-06

INFO OCT-01 ARA-14 ISO-00 EB-08 CA-01 TRSE-00 PPTE-00
COME-00 VO-03 L-03 H-02 /038 W
-----099018 051658Z /41
R 041705Z AUG 78
FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 2707
INFO USDOC WASHDC

UNCLAS KINGSTON 6150

E.O. 11652: N/A
TAGS: ETRD, JM
SUBJECT: TOURISM: DEPARTURE AND HOTEL ROOM TAXES INCREASED;
GOJ PROJECTS TRIPLING OF TOTAL TOURISM EARNINGS

REF: KINGSTON 5162

1. INCLUDED IN THE NEW TAXATION MEASURES ANNOUNCED
BY FINANCE MINISTER BELL IN THE HOUSE OF REPRESENTATIVES
ON MAY 9 WAS AN INCREASE IN THE DEPARTURE TAX FROM \$3.00 TO
\$8.00 PER PERSON.

2. EFFECTIVE JULY 1, AN ADDITIONAL US\$2.00 PER ROOM PER
NIGHT TAX WAS IMPOSED FOR BOTH LOCAL AND FOREIGN HOTEL
GUESTS. THIS LEVY IS IN ADDITION TO THE 5 PER CENT ROOM
TAX WHICH HAS BEEN IN EFFECT SINCE OCTOBER 1, 1975.

3. EFFECTIVE JUNE 26, JAMAICA REQUIRES VISITORS TO
DECLARE AMOUNT OF FUNDS IN THEIR POSSESSION ON ARRIVAL
AND DEPARTURE. CURRENCY DECLARATION FORMS ARE BEING
DISTRIBUTED ON AIRCRAFT BOUND FOR JAMAICA. THE FORM IS
TO BE FILLED OUT DURING FLIGHT AND MUST BE STAMPED BY
JAMAICAN AUTHORITIES AT AIRPORT, RETAINED BY THE VISITOR,
AND RETURNED TO THE AUTHORITIES ON DEPARTURE (SEE REFTEL).

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4. THE JAMAICA HOTEL AND TOURIST ASSOCIATION (JHTA) HAS
REPORTED CONSIDERABLE RESISTANCE BY HOTEL GUESTS, BOTH
LOCAL AND FOREIGN, TO THE ADDITIONAL US\$2.00 PER ROOM
PER NIGHT TAX AND FEARS THAT THE NEW GOJ REVENUE MEASURES
COULD PROVE COUNTER-PRODUCTIVE. IN THE CASE OF GUESTS
FROM OVERSEAS, THE JHTA STATED THAT CONVENTIONS AND OTHER
GROUPS ARE PARTICULARLY RESENTFUL OF THE ADDITIONAL TAX

AND THE JHTA IS CONCERNED ABOUT POSSIBLE CANCELLATIONS
BECAUSE OF THE INCREASED COSTS.

5. THE MONTEGO BAY CHAMBER OF COMMERCE HAS CONDEMNED
THE NEW CURRENCY DECLARATION PROCEDURE. AT THE CHAMBER'S
MONTHLY MEETING ON JUNE 27, A RESOLUTION CALLING ON THE
GOJ TO WITHDRAW THE NEW DECLARATION SYSTEM WAS SUPPORTED
BY THE JHTA. CHAMBER MEMBERS POINTED OUT THAT VISITORS
HAD BEEN COMPLAINING OF BEING HARASSED AND EMBARRASSED BECAUSE
THEY HAVE TO COUNT OUT THEIR MONEY AT THE AIRPORT, AND THEY

FEARED ROBBERY BY EXPOSING VAST SUMS. THE CHAMBER PROPOSES
TO TAKE UP THE MATTER WITH THE JAMAICA TOURIST BOARD WITH
A VIEW TO HAVING THE DECLARATION SYSTEM WITHDRAWN.

6. GOJ MINISTER OF STATE IN CHARGE OF TOURISM JACK STEPHENSON
ANNOUNCED THAT EARNINGS FROM TOURISM ARE EXPECTED TO TRIPPLE
OVER THE NEXT FIVE YEARS. EARNINGS FOR THE 1978-79 PERIOD
ARE ESTIMATED AT \$145.8 MILLION, 1979-80 \$189.45 MILLION,
1980-81 \$222.66 MILLION, 1981-82 \$261.54 MILLION, AND
1982-83 \$287.46 MILLION. HE ALSO POINTED OUT THAT THESE
FIGURES ARE LIKELY TO BE INCREASED EVEN FURTHER IF GOJ
EFFORTS TO DIVERSIFY MARKETS, ESPECIALLY CHARTERS FROM
EUROPE, ARE SUCCESSFUL.

TOURISM OFFERS AN INCOME TO SOME 25,000 JAMAICANS, AND
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IS JAMAICA'S SECOND LARGEST EARNER OF FOREIGN EXCHANGE
AFTER BAUXITE. TOURISM EARNINGS FOR 1977-78 WERE
ESTIMATED AT J\$119.4 MILLION (US\$108.4 MILLION).

7. COMMENT: GIVEN THE GOJ'S OBLIGATION AND BROAD
MEASURES TO INCREASE TAX REVENUES TO MEET IMF TARGETS,
IT SEEMS UNLIKELY THAT THE GOVERNMENT WILL ACCEDE TO
TOURIST INDUSTRY PRESSURES. SHOULD THERE BE SIGNS,
HOWEVER, THAT THE TOURISM TAXES ARE KILLING THE GOOSE WHO
PROVIDES THE GOLDEN EGGS OF FOREIGN EXCHANGE, CERTAIN
ADJUSTMENTS MIGHT HAVE TO BE MADE.
IRVING

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TOURISM, HOTELS, TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 04 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978KINGST06150
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780321-1028
Format: TEL
From: KINGSTON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780898/aaaadeoq.tel
Line Count: 106
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: bafa356a-c288-dd11-92da-001cc4696bcc
Office: ACTION SCS
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 KINGSTON 5162
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1838221
Secure: OPEN
Status: NATIVE
Subject: TOURISM: DEPARTURE AND HOTEL ROOM TAXES INCREASED; GOJ PROJECTS TRIPLING OF TOTAL TOURISM EARNINGS
TAGS: ETRD, JM
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/bafa356a-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014